

Karen Moynahan:

The toothpaste is out of the tube. It is happening too fast. And we have to accept that it's happening too fast. Because there are 25,000 business lenders in North America. And the people who are traditional are losing market share to the people who are digital.

James Robert Lay:

Greetings and hello. I am James Robert Lay and welcome to the 93rd episode of the Banking On Digital Growth podcast. Today's episode is part of the Exponential Insight series, and I'm excited to welcome Karen Moynahan to the show. Karen is the co-founder and CEO of Boss Insights, and they are a data platform that digitizes access to business, customer information, accelerating all parts of the lending cycle to deepen relationships and grow revenues. Welcome to the show, Karen.

Karen Moynahan:

James Robert Lay, hello, how are you?

James Robert Lay:

I am doing tremendous. It is always good to have a conversation with you, and I'm glad we're recording this one, because I feel like every conversation that we've had, we could have hit record and have created exponential value for the dear listener.

Karen Moynahan:

Hey, third time's a charm. We got to do it when we got to do it.

James Robert Lay:

Absolutely. And one of the things that I want to open up with that I typically always do is just what is going well for you right now? What is good in your world? What are you excited about either personally or professionally?

Karen Moynahan:

Okay. I guess I'll start professionally because we're talking about banking on digital growth here. The world has recognized now there isn't really any putting toothpaste back in the tube, that we have to have a digital approach to working. There's no, "Well, maybe I just want to go back to the old manual way." I think we're going to see a huge amount of changes. And that's really going to benefit the very group of people that Boss Insights was launched to help benefit, which is small and medium businesses, and small commercial businesses. Because it used to be that whatever you wanted to do, you had to do with paper. And that was either paper or PDFs, which is just electronic paper, it's sent by attachment, but there's nothing you can do with that information. So I'm really, really excited about the fact that there's a general acceptance of the fact that we need to, as a banking industry, as a lending industry, support businesses, if we're going to have the right to work in this industry.

Karen Moynahan:

So I think that's the biggest change. And with that has come so much chat about who has the right solutions and who's going to work together and whatnot. So the other thing I'm really grateful for is the incredible amount of collaboration. You think when you're talking about banking that everyone's in... I can't even say the word, everyone's a robot.

James Robert Lay:

Autonomous.

Karen Moynahan:

Yeah. But it's not like that. I've spoken to CEOs working til two or three in the morning. CEOs of banks. I've spoken with private lenders figuring out how to serve businesses now. And it's only by collaborating that we're getting it done.

James Robert Lay:

You're 100% with that. Because this idea of competition must fall by the wayside. Because if you think about, from a competitive mindset, we're looking and playing a zero sum game. There are going to be winners, and there are going to be losers, and we're playing to hopefully not be the loser. And I'm looking at this from, collaboration is far greater than competition in a digital world that opens up so much more capabilities that weren't available even five years ago, 10 years ago. And so now it's... I had Dan Sullivan and you and I've talked about Dan with Strategic Coach. He was on the podcast and we were talking about his book Who Not How. There is a world full of who's available for financial brands like the work that you're doing. So let's talk about collaboration.

Karen Moynahan:

Sure.

James Robert Lay:

When you think about collaboration, what is one thing that holds people back from leaning into that? Because once again, historically, this has been a competitive space. What holds someone from leaning into a collaborative mindset first?

Karen Moynahan:

I think people are built to be competitive or collaborative by nature, but there's also a learned component. So even if you're a competitive person, you can learn over time that collaboration will serve everyone better. And there's phrases for this, right? The rising tide helps all ships. There's things that we know. A really good example, and maybe this is too simplistic is, have you heard about the example of the orange? Where two people are fighting over an orange.

James Robert Lay:

No.

Karen Moynahan:

And the suggestion is to just cut the orange in half and everybody goes away happy. Here's the problem with that. One of the people wanted the inside of the orange to make the juice and the other person wanted the peel, because they're making a cheesecake, which by the way is my favorite. So if you split that orange in half, everyone walks away half as happy. That's the problem with the zero sum game. There are true games in life where it's zero sum, and most people who are innately collaborative try and avoid them by nature. But, in banking, where we are sitting in the middle of a huge battle for who controls the flow of capital, nobody can do it all. There's regulatory, there's products. There are data aggregators, there's core providers. There's alternative core providers. There's banking as a service providers, there's business loans, there's consumer loans. I'm just grabbing names out of a hat. Nobody

can do it all. And so, the only group of people who will always lose if you have a zero sum game is the end customer, because their solution will not be the best solution.

James Robert Lay:

That's a great point. And I love the analogy of the orange and you mentioned cheesecake, I'm thinking old-fashioned. I need the peel for the old fashioned, slice a little bit off in that. But I'm also thinking, I'm also looking at this from an anthropological perspective, because if we go back and we look at how cultures and societies were built, it was from a collaborative standpoint, right? Because it's like, if we're competing against the same resources, we're going to lose something along the way. But when we stop that competition and we start collaborating, we're working together towards a higher purpose to build something even bigger, to build something greater than ourselves, that's where one plus one can equal three or one plus one can equal 10. Because we get a multiplier, and technology is a multiplier. I've always said technology can multiply complexity. Technology can multiply simplicity. Technology can multiply collaboration from this perspective here.

James Robert Lay:

I want to come back to this idea around some of the work that you're doing. I saw you recently shared a quote from Mary Kate Loftus on LinkedIn. She's the senior VP director of digital at M&T bank. And she noted, with data, opportunities are limitless. So what are some of the biggest opportunities you see for financial brands thinking about data, thinking about the business customer, thinking about business customer growth, that end consumer, because that's who we are ultimately working to elevate through the work that people like you and me are doing, through the work that bankers are doing. What are some of those opportunities thinking about that quote, "With data opportunities are limitless?"

Karen Moynahan:

I love that quote. Opportunities are limitless. And that's true. We are sitting at a time in our society where opportunities are more limitless than they've ever been. And sometimes that's a good thing, sometimes that's a bad thing. Let's look at this in terms of financial services. Philosophically, we're supposed to be serving the customer. That does not always happen, but that's what's supposed to be happening, right?

James Robert Lay:

That's the name. Financial services.

Karen Moynahan:

Yeah. We got to put the service back into financial services. Why is it not happening? Is everybody working at a bank or a private lender evil? No, they're not. They're all working really hard. The problem is that a lot of that work is manual. Now, picture a time where you're trying to grow crops in a field, and you don't have a tractor. Are you going to get as much done? You are absolutely not. I was one of these loan officers. I was a commercial banker, and my task, my mandate was go and get 10% new business growth every single year. So if you had this many loans on your portfolio last year, you need to get this many loans, but they have to follow all of these rules, and you have to get all of these things done. And the net result is, you spend 80% of your time clearing off your desk to do 20%, you have 20% of the bandwidth to do your actual mandate.

Karen Moynahan:

So that M&T quote, "Opportunities are limitless with data." What we've solved, what we're actually doing is getting rid of all of that manual work. And it's not just manual work for the lender, the

businesses suffer too. I was told by the bank that I was working at that asking businesses for financial statements and other data was actually an opportunity for me to build a relationship. And the true part of that statement is, you have to build a relationship because the business you're working with has to trust you. The false part is it never sounds like anything more than asking a business to go and clean up their room.

James Robert Lay:

Yeah, or when I ask my kids to go clean up their room or pick up, it's a complaint, it's an annoying pain and frustration. I'm like, "You played with the toys, go put them back." But there's something like, it's work. It's complexity and it's friction for the business owner. I can be very empathetic to that because for example, this whole PPP, having to pull all that statements, all the financial, it was not fun.

Karen Moynahan:

I mean, word, right? I completely agree with you. 11 page forms that are compared to doing your taxes are really too much to put both on the business owner and on the lender. We've never seen this style of lending before. We have never actually, businesses are just trying to get back to business. They're selling their wineries, their restaurants, their accounting firms, their legal practice firms, their trucking companies. Do you think, really, that they ever had the privilege to just sit around and figure out an 11 page form?

James Robert Lay:

No.

Karen Moynahan:

So Chris Nichols put out there that he had something in the 30's percentage of the SBA accepting these forms and approving the loans, and the SBA tweeted back, "No, no, no. It's 44%." So, by the numbers, when we automated the gathering of the data and the completing of the form, we had 75% approval. It is a foregone conclusion. But that's not even what I take to the bank. I take to the bank that one of our customers, CC Bank, told me that their customer said that we saved their business. That they'd recommend CC Bank to anyone and already have. That Carver Bank said, "You're allowing us to get capital in the hands of diverse and visible minority business owners." That First Savings Bank is saying to us that they're adopting a FinTech first strategy. This is what I mean by collaboration. We could never do what these lenders are doing. They're building the relationships, they're addressing customers. What we can do is take away the pain. That's all.

James Robert Lay:

With you being up in Toronto, I cannot help but think of Issy Sharp, learned a lot from him just through reading. Founder of the Four Seasons hotel. And he has a quote. "We must systemize the predictable so that we may humanize the exceptional." And when you think about the Four Seasons brand experience, and how it makes a person feel, this idea of systematizing the predictable. It's what you're talking about right here from the lender, because now, lenders have more time to humanize the exceptional, to build the relationship. And I think that's what it all boils down to. In this digital world, we think, oh, it's all technology, technology, technology. No, it's about using technology to bring people together for good to create value, and make everyone's life that much better.

James Robert Lay:

Let me ask, from a lending perspective, and I hear this, I hear this on the ground level, lenders are like, "Oh, this technology, it's hard. It's complicated. It's just going to add confusion to my world. I'm so used

to doing it this way over here." And it's like, you know there's a better way, but it's that mindset that holds people back from really leaning in. What would be your recommendation to someone who knows it philosophically, that life is going to be better on the other side, when you add automation in. But they think automation, AI, my job is going to be replaced, but that's not the case.

Karen Moynahan:

Yeah. And I mean, it depends who we're talking about. Are we talking about the career banker that has a lot of art? There's art and science to this thing. So are you talking to someone who can recognize character? That's one of the five season credit, and it really matters. So who you're doing the deal with is everything, right?

James Robert Lay:

Yes.

Karen Moynahan:

So that matters. And actually we agree with that person, that we're not going to change character. You still have to evaluate that. What we're doing is taking away the menial secretarial task, which quite frankly should be put to a computer. It shouldn't be given to a human being. A human being needs to look at the information and then make a decision. That's the difference. So if we're talking to the loan officer, or if we're talking to someone really high up at a private lending company or at a community bank or at a credit union who feels like it's just all happening too fast, I actually say to them, "I also agree with you."

Karen Moynahan:

But the thing is, the toothpaste is out of the tube. It is happening too fast. And we have to accept that it's happening too fast. Because there are 25,000 business lenders in North America. And the people who are traditional are losing market share to the people who are digital. And that's just a stated fact, don't blame the messenger, CB Insights said, "You are losing market share at one to one and a half percent every year, 2020 hit, you lost 9% market share." So, what traditional lenders have over the latest in FinTech lenders is the full service relationship. I'm a business owner myself. We need full service relationships. So, there's an advantage there.

James Robert Lay:

There is because it's the old adage of FinTech being a death by a thousand cuts, or, we look at this as a holistic opportunity to provide exponentially more value across the spectrum to that relationship. And you mentioned, things were moving fast. Things sped up even more with COVID. Where should a financial brand start thinking about data to optimize the lending cycle, to once again, come back to the central truth, deepen relationships and grow revenues. Where should that conversation begin internally?

Karen Moynahan:

So we're coming full circle here. The service part of financial service. I'm just going to give an analogy from my own personal experience. I was a banker a decade ago, I'm muffling the word decade, because I'm in my 20's clearly, everybody.

James Robert Lay:

You started when you were 10.

Karen Moynahan:

I started really young. I was Doogie Howser. A reference that really dates me properly. So everyone should just... So when I was a banker, I had to look at my book of business. And I would get either every month or every quarter, I can't remember. I printed out a spreadsheet, and I would see my entire portfolio and the products they have. And then I'd have to look up on the bank on the digital systems what's going on. And if I found opportunities, I'd call them and I'd say, "Hey, we're noticing that you're not really getting paid on time, but everything's looking really healthy with your business. Do you want to bump to your operating line of credit? Do you want some capital?" Why are we using people for that?

Karen Moynahan:

If we have a real-time connection to their financial data, which the business consents to give, the marketing team can see the entire portfolio, and give them a button saying apply for your upgraded loan. Do you know, that would be so much easier for the business founder than having to have all the conversations with the banker. So we have to do a couple things. We have to use the data to our advantage. We have to give the appropriate respect to business owners who are providing the data, and show them what their business looks like from a financial services perspective. And then we all have to appreciate that we are there by virtue of the business itself.

James Robert Lay:

Yes. That right there is really something that I do a lot of teaching around, which is to empower lenders, and marketing teams, because this is not a single responsibility. This can really create value exponentially throughout the organization. Marketing sells service. But to take a proactive stance in a business owner's life, versus a reactive stance, meaning, no longer do we have to wait for the business owner to come to us to raise the hand. And I want to make this very practical. Because I wrote down four brand experiences that have done this for me, and are continuously doing this for me.

James Robert Lay:

There is QuickBooks, obviously. QuickBooks is coming and making proactive offers to extend credit to me. There is the Amex relationship, and it's literally click of the button. I could get, I think like 60 or \$80,000 like that. It's a simple solution. There's the Gusto relationship on the payroll side, and the HR side. And then there is the Shopify side of things. These are all, Amex, financial services, legacy player. But when you think about QuickBooks, that's accounting, when you think about Gusto, that's HR, when you think about Shopify, that's e-com, and they're all now providing value to a business or to a commercial client, that was not the case five or 10 years ago.

Karen Moynahan:

Right. So I noticed you didn't really have any private lenders or community banks or credit unions in that list. And the punchline of my story is that everyone who was doing commercial banking with me, who are now the leading commercial banking teams has literally word for word, said what you just said, James, that we are reactive, not proactive. And we cannot figure out how to change this. My question is why not? You know long it takes to get a Shopify integration or a QuickBooks integration with Boss Insights? And a branded experience? An hour, one hour. We've done all the coding. So I honestly want to ask the question as well, because when Kennedy wanted to get everyone to the moon, he had to speak to the people who said, "You're never going to do this." And what I need to do is not speak to people who believe without a shadow of a doubt that we have to figure this out collaboratively, but I want to speak to the people who say, "No, this is not going to happen." So that I understand what their biggest objections are.

Karen Moynahan:

It's really important for us to learn, anybody in this space who is trying to shepherd in the future to be now, to buy us from Shopify said 2030 digitization is here in 2020. Anyone who's trying to do that needs to understand why people are opposed to it, and how we can protect them. Their interests might be valid. For instance, a hugely valid interest is protecting the right of privacy for the business owner. That's hugely valid. So we need to hear that, we need to internalize that, we need to protect the interests of people.

James Robert Lay:

Absolutely. And when you think about this idea of you can get an integration through Boss Insights, with QuickBooks, with Shopify, in an hour, and then be able to pull in that data to a financial brand, to where that financial brand can come back on the other side and make these proactive offers based upon someone's real-time financial behavior, financial activity, financial status. I want to dive a little bit deeper into this. What are the roadblocks that you're hearing that are holding people back from capturing, coming back to this quote from Mary Kate Loftus, "With data, opportunities are limitless." What are the roadblocks that are preventing others from capturing opportunities here?

Karen Moynahan:

I think one of the biggest roadblocks is that the mandates given to financial institutions, we're talking about banks and credit unions now not private lenders, the mandates are very general in nature, go digitize. Well, okay, should we digitize the business, the consumer? Should we be talking about lending? Or should we be talking about deposits? That is a huge umbrella. So you have this very murky mandate, and then, it's not like Boss Insights is the only FinTech or enterprise tech in the land. It is Tinder out there. People will swipe right or they will swipe left, and you have no idea why. And the only thing you can do is say, "Can you give me any sense of what's going on in your thinking pattern?" And maybe people will tell you where they won't. But looking at it not from our point of view, but from their point of view, do you have any idea how many times they're saying I have the answer to all of your problems? It must sound a little bit like, "Want to buy a watch?"

James Robert Lay:

They're selling rainbows and unicorns and the pot at the end of all of that.

Karen Moynahan:

I try so hard to when I'm out there talking or doing thought leadership, or if I have the right to be in front of any business lender, what I try to talk about is we have two things, a single connection to your customer's financial data and a portal that's branded to connect you to them. Do you need those things? And if you get those things, you're going to speed up your lending five times, you're going to cut your employee costs by 60%. If you have tangible results, then if somebody's interested, they can find you. But if you're talking about this general better world to come, how does somebody on the other side translate that to their mandate, which is already very general?

James Robert Lay:

Well, it sounds like to me, you're putting people at the center of all of your thinking, and all of your doing, and technology is just the tool to make all of these connections a possibility, these connections a reality. And as a result, deepen these relationships to grow two things, to grow a financial brands portfolio, but also to grow a business a business or commercial account, to help them out on the other side of that equation. And I'm curious to know, what is one belief that this industry has about data,

about business clients that you just passionately disagree with? Where might the majority think X over here, but you're like, "I don't know. I'm really thinking it's going to be Y over here." What would that be?

Karen Moynahan:

I would say that there's a divide in the industry right now between people who believe that they're selling alone, and people believe that they're offering a best in class predictive experience. And we're on the side of the best in class predictive experience. And we're enabling anyone who doesn't have the capability to build it for themselves to get access to it this week. But if you believe, I think there's two beliefs. One is sort of like a philosophical belief. Oh, I used like in the wrong way, there should be a like jar here, like my science teacher in high school. So there was a philosophical belief that I disagree with. And then there's a business belief that I disagree with. We are not selling commoditized products. I could get a checking account and savings account anywhere. Do you know what I need? I need an easy way to send payments and receive payments from businesses. I need somebody who understands what products I need so I don't have to become an expert in banking to operate my own business.

Karen Moynahan:

You'd think that a former banker would know that, but that's not the case. You don't. And so, I believe as a business owner, I believe as a banker that dealt with hundreds of businesses. And I believe after the last bunch of years in this industry selling to lenders, that we are not selling commoditized products, that we are financial services. And our job, our responsibility is to accrue the best in class tech, so that they get the best in class experience. That's what I believe on the business side. And on the personal side, people are just not expendable. There isn't another one, I think it took me a while to realize why I believe this. I am the third generation. I never thought of it this way, of somebody starting their own business.

Karen Moynahan:

So when I was growing up, I heard stories about a man moving to Canada at 16 years old. And that's when he tried his first fruit. Every time a business owner, whether it was somebody asking for \$250,000, or \$25 million. Every time a business owner came to me, I took it with that urgency. And I took it with that seriousness. And this is life and death for people right now. This is the life and death of their business. We owe it to them to be able to measure them on their own metrics of how they're doing in their business, rather than external cues. It's that simple.

James Robert Lay:

I even want to go deeper with this because as a business owner, as an entrepreneur who's been doing this since I was 19. My last real job was waiting tables and playing in a punk rock band, working at Old Navy. So there's a lot of psychology tied to this too, because everything that we do as business owners, we put a lot into the business. And now that the pandemic, I'm seeing that psychological toll, for example, in a couple executive peer groups that I am in, I'm so grateful and so fortunate to add value to this conversation over the last 14, 15 months through the book, through the podcast, because on the flip side, people in my peer groups are just barely getting by, and it's been a tough road for them. And that's where financial services, at a macro level, starting with leadership and then working its way down at a financial brand, putting the transformation of people over the commoditized transaction of dollars and cents, and doing that through a best in class experience that makes people feel good. And gives people a sense of hope for a bigger, better, brighter future.

James Robert Lay:

I think that's what we're all working and striving towards. This has been a great conversation. I want to end on one last point, and let's get really practical here because when we look at all of these changes that are happening, it can feel very complex. It can feel very confusing, it can feel very overwhelming, but all change is transformation. All transformations begin with something small, a step in the right direction. Let's get really practical. Let's get really small. What is that one step, that first step that you would recommend the dear listener take in the next step forward, in that right direction to make progress on their own journey from what we've been talking about today?

Karen Moynahan:

I'm going to give you the practical step, but first I just, James, I have to thank you on behalf of everyone who knows you for always connecting the dots. We're involved in what we're doing. And we're sitting there solving one problem, and it's really complex, and it's really fast-paced. And I don't know what we would do without you to really put it all together for us. So thank you. The one thing, the simple thing that a business lender can do is just set yourselves up to offer the business owner another way to share their data with you.

Karen Moynahan:

You don't have to change anything. You don't have to change your lending model. You don't have to do anything, let them send the information the way they've always sent it, and give them one button. One button on your portal, or one button on your website to share information in an automated way. You don't have to boil the ocean. You can take a single step, and you'll see that there are so many people here who are dying to collaborate with you. And all they want to know in return is, what did your business customers say? That's all we want back.

James Robert Lay:

That's the stories, because that's the humanity of all of this. It's how is what we're doing transforming the lives of businesses, transforming the lives of business owners, transforming the lives of even their employees, because we keep going deeper and deeper and deeper into this rabbit hole. And at the end of the day, people want two things. People want help. People want hope, and hope has to often come far before they're able to accept that help. But with what we've been talking about, we can proactively offer both help and hope at the same exact time. Karen, if anyone is listening, they want to continue this conversation that we have started today, what is the best way for them to reach out, follow-up, say hello, connect with you?

Karen Moynahan:

We're on LinkedIn, under Boss insights. And we're at bossinsights.com. We are actively growing customers, clients, we're hiring, and we're in the middle of a seed raise. So if anyone wants to reach out, please do.

James Robert Lay:

Excellent. Please do reach out. Karen, keep up the important and meaningful work that you and the rest of the team at Boss Insights continues to do. And thanks for joining me for another episode of Banking On Digital Growth.

James Robert Lay:

As always and until next time be well, do good, and make your bed.

